

Docket Nos.: 02-0742 & 02-0743 (Cons.)
Bench Date: 07-21-04
Deadline: N/A

MEMORANDUM

TO: The Commission
FROM: John D. Albers, Administrative Law Judge
DATE: June 30, 2004
SUBJECT: Illinois Electric Transmission Company, LLC

Application for certificate of Public Convenience and Necessity, pursuant to Section 8-406 of the Public Utilities Act, to operate as a Public Utility, and for related approvals.

Illinois Power Company

Petition for an Order (1) Concerning Classification of Illinois Power Company's Transmission and Distribution Facilities and (2) for Certain Determinations in Connection with the Sale of Illinois Power Company's Transmission System to Illinois Electric Transmission Company, LLC.

RECOMMENDATION: Enter the attached Order (1) approving IP's proposed reclassification of its transmission and distribution facilities and (2) dismissing all remaining requests for relief without prejudice.

On November 14, 2002, Illinois Electric Transmission Company, LLC ("IETC") filed a petition seeking a certificate of public convenience and necessity pursuant to Section 8-406 of the Act authorizing it to operate in Illinois as a public utility. IETC also requested approval of various actions related to its purchase of Illinois Power Company's ("IP") transmission system and ownership and operation thereof. IETC's petition is identified as Docket No. 02-0742.

On the same day, IP filed a petition for an order (1) approving the reclassification of its transmission and distribution facilities and (2) making certain determinations in connection with the sale of its electric transmission system to IETC. IP's petition is identified as Docket No. 02-0743. Docket Nos. 02-0742 and 02-0743 have been consolidated.

At the request of IP, a separate, expedited schedule was established to consider IP's proposed reclassification of its transmission and distribution facilities. On January 14, 2003, the Commission entered an Interim Order finding that IP's proposed reclassification of facilities between transmission and distribution, as set forth in IP Exhibit 4.2, is reasonable and should be approved. The Interim Order noted that the asset costs and reclassification presented in IP Exhibit 4.2 were based on accounting data as of May 31, 2002, and would not be the final amounts that IP would reclassify between transmission and distribution for purposes of identifying its transmission assets and costs that would be sold to IETC. Accordingly, the Interim Order directed IP to file a final report with the Commission within six months following the date of the sale of its transmission assets to IETC, showing the final classifications of facilities as transmission and distribution as of the date of the transmission system sale to IETC.

In mid-2003, IP decided to no longer pursue the transmission asset sale to IETC. Nevertheless, a final reclassification of IP's transmission and distribution assets was still necessary. On April 14, 2004, IP filed a "Motion for Approval of Final Reclassification of Transmission and Distribution Facilities and to Withdraw and Dismiss Petition" ("IP Motion"). Included with the IP Motion was additional testimony and an exhibit explaining the final reclassification. On May 25, 2004, IETC filed a "Motion to Withdraw Application" ("IETC Motion"). According to the IETC Motion, the question of the transfer of IP's transmission assets to IETC is now moot and, therefore, IETC wishes to withdraw its petition. No party objects to either motion.

The attached Order approves IP's proposed final transmission and distribution facility reclassification and dismisses without prejudice all remaining requests for relief in the consolidated proceedings. There is no deadline for Commission action.

JDA